

CONTRACT #3
RFS # 359.62-013

**Department of Children's
Services**

VENDOR:
**Reeves-Sain Extended Care,
LLC**



RECEIVED

SEP 07 2007

FISCAL REVIEW

**State of Tennessee
Department of Children's Services
Cordell Hull State Office Building, 7th Floor
436 Sixth Avenue North
Nashville, Tennessee 37243-1290
Viola P. Miller, Commissioner**

September 6, 2007

Memorandum

To: James White, Executive Director
Fiscal Review Committee
8th Floor, Rachel Jackson Building
320 Sixth Avenue North
Nashville, TN 37243

From:
Joe Holzmer, Executive Director, Finance and Program Support 
Department of Children's Services
7th Floor, Cordell Hull Building
436 Sixth Ave. N.
Nashville, TN, 37243

Regarding: Pharmacy Services Contract Extension Request

Please find as accompaniments to this summary memo the various supporting materials necessary to review the request to amend Contract #FA-03-15125 providing pharmacy services to the five youth development centers. This is amendment number six and will extend the current contracts end date for three more months. This request has become necessary as an unforeseen number of questions have arisen during the development of the Request for Proposal which have delayed the approval and issue date in time to award a new contract beginning on October 1, 2007. It is realized that this request is being submitted in less than the preferred 60 day window. However, to do so any earlier would have created a possibility of requesting an extension for a period that is longer than necessary. Our intention has been to submit these requests upon approval of the aforementioned RFP, tying the requested period of time to the RFPs issue date. While approval has not been obtained at the time of this submission, the resolution of remaining issues is anticipated within the next few days. Additionally, we realize that we must submit the request in order to have the item on the sub-committees agenda prior to the current contracts end date of September 30, 2007.

The contract extension is necessary as these are medically necessary and required pharmacy services. Consequently, an interruption in services cannot occur. Should you need further clarification, on this matter please contact Steven Barlar, at 615-532-2457, or at steven.barlar@state.tn.us.



RECEIVED

SEP 07 2007

FISCAL REVIEW

State of Tennessee
Department of Children's Services
7th Floor, Cordell Hull Building, 436 Sixth Avenue, North
Nashville, Tennessee, 37243-1290
Viola P. Miller, Commissioner

September 6, 2007

To: Kay Womack
Office of Contracts Review
Department of Finance and Administration

From: Dana Scott, Program Specialist
DCS Contracts Section
Department of Children's Services

Regarding: RFS 359.62-013-03 Reeves-Sain Extended Care, LLC for the provision of Pharmacy Services for DCS Youth Development Centers.

DCS is requesting a prompt review/response of the submitted request due to the contract ending on September 30, 2007.

DCS had deferred submitting the request as we wanted to request the least amount of time possible for the extension and had been waiting to see if we could obtain final approval for the RFP so the extension could be calculated from the RFPs Issue date. We have waited as long as possible, and even though the RFP has not received final approval, it appears that we will be receiving such shortly. As always, thanks for your assistance in this matter.

DRAFT

DRAFT

DRAFT

C O N T R A C T S U M M A R Y S H E E T

060706

RFS #		Contract #	
359.62-013-03		FA-03-15125	
State Agency		State Agency Division	
Department of Children's Services		Contracts Administration	
Contractor Name		Contractor ID # (FEIN or SSN)	
Reeves-Sain Extended Care, LLC		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- V621728645-00	
Service Description			
Provision of Pharmacy Services @ DCS Youth Development Centers			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
10/01/2002	12/31/2007	Vendor	

RECEIVED

SEP 07 2007

FISCAL REVIEW

Mark Each TRUE Statement					
<input checked="" type="checkbox"/> Contractor is on STARS			<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts		
Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
Sup	550	092	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2003	\$341,782.67	00.00	00.00	00.00	\$341,782.67
2004	\$545,671.63	00.00	00.00	00.00	\$545,671.63
2005	\$366,421.39	00.00	00.00	00.00	\$366,421.39
2006	\$509,148.20	00.00	00.00	00.00	\$509,148.20
2007	\$942,758.78	00.00	00.00	00.00	\$942,758.78
2008	\$327,750.00	00.00	00.00	00.00	\$327,750.00
TOTAL:	\$3,033,532.67	00.00	00.00	00.00	\$3,033,532.67

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Kathy Jones 741-0581	
2003	\$341,782.67	00.00	State Agency Budget Officer Approval	
2004	\$545,671.63	00.00		
2005	\$366,421.39	00.00		
2006	\$509,148.20	00.00	Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
2007	\$942,758.78	00.00		
2008	\$147,750.00	\$160,000.00		
TOTAL:	\$2,853,532.67	\$160,000.00		
End Date:	9/30/2007	12/31/2007		

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)				
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	
Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)				
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method		
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (e.g., ID, GG, GU)	<input type="checkbox"/> Other		
Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)				

**AMENDMENT SIX
TO FA 03-15125**

This Contract Amendment is made and entered by and between the State of Tennessee, DEPARTMENT OF CHILDREN'S SERVICES, hereinafter referred to as the "State" and REEVES-SAIN EXTENDED CARE, LLC, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1 is deleted in its entirety and replaced with the following:

B.1. Contract Term. This Contract shall be effective for the period commencing on October 1, 2002 and ending on December 31, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section C.1 is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Three Million, Thirty -Three Thousand, Five Hundred Thirty-Two Dollars and Sixty-Seven cents, (\$3,033,532.67). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The revisions set forth herein shall be effective October 1, 2007. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES - SAIN EXTENDED CARE, LLC:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DRAFT

DRAFT

DRAFT

DEPARTMENT OF CHILDREN'S SERVICES:

VIOLA P. MILLER, COMMISSIONER

DATE

APPROVED:

M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

DATE

DEBORAH E. STORY, COMMISSIONER
DEPARTMENT OF HUMAN RESOURCES

DATE

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	359.62-013	
2) State Agency Name :	Department of Children's Services	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Pharmacy Services	
4) Contractor :	Reeves Sain Extended Care, LLC	
5) Contract #	FA0315125	
6) Contract Start Date :	10/1/2002	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	09/30/2007	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$2,853,532.67	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	Six (6)	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	10/1/2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	12/31/2007	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	3,033,532.67	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
The proposed amendment will extend the contract an additional 90 days and provide continuity of pharmacy care for the children in Youth Development Center facilities.		

15) Explanation of Need for the Proposed Amendment :

The above referenced contract will expire on September 30, 2007. Without the proposed amendment the children housed at Tennessee's Youth Development Centers will experience an interruption in medically necessary Pharmacy Services. An amendment is needed to ensure that they receive adequate continuity of care.

16) Name & Address of Contractor's Current Principal Owner(s) :

(not required if proposed contractor is a state education institution)

Reeves Sain Extended Care, LLC
1809 Memorial Blvd
Murfreesboro, TN 37129

17) Documentation of Office for Information Resources Endorsement :

(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :

(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :

(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

DCS is in the process of procuring a new vendor through RFP method. This method cannot be completed before the current contract expires.

21) Justification for the Proposed Non-Competitive Amendment :

This Contract provides Pharmacy Services for student residents in DCS youth development facilities. These services are medically necessary and their provision is required. The current contract is due to expire on September 30, 2007. A new Contract will be awarded through the Request for Proposal (RFP) procurement process currently underway. During the development and execution of the new pharmacy services RFP the State has experienced unexpected obstacles. It was generally felt that there would not be a significant number of issues pertaining to the new RFP during its development. The current contracts' RFP had taken a great amount of time and effort to develop and since the current contracts start date, various matters have arisen and been addressed. However, the unexpected obstacles have created delays that will not allow a contract award to be made prior to the current end-term date. These delays involved a time consuming question-response-problem resolution process many of which pertained to the Scope of Services, including pharmacy related discharge procedures, reviews of medications covered and the performance of certain services. The collection of information to date has required interdepartmental and intradepartmental input. Since this process collectively required more time than had been anticipated, and since these are medically necessary, required services, this request is being submitted to prevent an interruption in these services. Consequently, we are requesting that the current end date for Contract FA-03-15125 be extended to the end of December 2007.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature



Date

Submission less than 60 days explanation:

The department has experienced unforeseen issues that prevented the issuance of an RFP and contract award in a time frame that would precede the expiration of the current contract and the award of a new contract. However, once it was understood that an extension was necessary, it was the desire to submit the request as close to the issue date as possible in order to more accurately determine the least amount of time needed to extend the current contract.

**FAX TRANSMITTAL****TO :** Dr. Lynn Goodman, Director
Employee Development & EEO**FAX #** 532-0728**FROM :** Dana Scott**FAX #** 244-8969**DATE :** July 27, 2007**RFS #** 359.50-167-08**RE :** Procurement Endorsement — Pharmacy Svcs RFP**NUMBER OF FAX PAGES (including cover):** 3

The nature and scope of service detailed in the attached service procurement document(s) appears to require Department of Human Resources review and support, because the procurement involves training of state employees.

This communication seeks to ensure that the Department of Human Resources is aware of the procurement and has an opportunity to review the matter. Please determine whether the Department of Human Resources is supportive of the procurement. If you have any questions or concerns about this matter, please call Dana Scott at 741-1207.

Please indicate below your response to this proposed procurement, and return this communication at your earliest convenience (note the return FAX number above).

Thank you for your help.

Attachment(s)

Scope of Services for Pharmacy Services RFP (See A.11)

Department of Human Resources:

Lynn J. Goodman 7-30-07
DOP Director of Employee Development & EEO Signature & Date

REQUEST: RULE EXCEPTION**APPROVED****Commissioner of Finance & Administration****Date:**

RFS #	359.62 —013—03	Contract #	FA-03-15125
--------------	----------------	-------------------	-------------

INFORMATION ABOUT THE EXCEPTION(S) REQUESTED**SUBJECT RULE NUMBER(S) :**

0620-3-3-.07(5)" for an exception permitting a contract term greater than five (5) years

DESCRIPTION OF EXCEPTION(S) :

The department seeks a rule exception to permit an extension of the contract term three months beyond the contract end date.

JUSTIFICATION : (compelling rationale for and validation of rule exception request)

This Contract provides Pharmacy Services for student residents in DCS youth development facilities. These services are medically necessary and their provision is required. The current contract is due to expire on September 30, 2007. A new Contract will be awarded through the Request for Proposal (RFP) procurement process. During the development and execution of the pharmacy services RFP the State has experienced unexpected obstacles. Since the current contracts' RFP had taken a great amount of effort to develop it was expected that any issues pertaining to the new RFP would be minimized. However, the unexpected obstacles have created delays that will not allow a contract award to be made prior to the current end term date. These delays involved a time consuming question- response-problem resolution process pertaining to the Scope of Services, including pharmacy related discharge procedures, reviews of medications covered and the performance of certain services. The collection of information to date has required interdepartmental and intradepartmental input. Since this process collectively required more time than had been anticipated, and since these are medically necessary, required services, this request is being submitted to prevent an interruption in these services. Consequently, we are requesting that the current end date for Contract FA-03-15125 be extended to the end of December 2007.

INFORMATION REGARDING THE APPLICABLE CONTRACT

CONTRACTOR :	Reeves-Sain Extended Care, LLC
SERVICE INVOLVED :	Pharmacy Services for student residents in the departments youth development centers
BEGIN DATE :	10-01-2002
END DATE (including ALL options for term extension) :	12-31-2007
MAXIMUM LIABILITY (including ALL options for term extension) :	\$3,033,532.67

AGENCY HEAD REQUEST SIGNATURE:
(signed by the procuring agency head or authorized signatory)



SIGNATURE DATE: Viola P. Miller, Commissioner

CONTRACT SUMMARY SHEET

8-8-05

RFS #	Contract #
359.62-013-03	FA-03-15125-05
State Agency	State Agency Division
Department of Children's Services	Contracts
Contractor Name	Contractor ID # (FEIN or SSN)
Reeves-Sain Extended Care, LLC	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- V621728645-00

Service Description
Provision of Pharmacy Services @ DCS Youth Development Centers

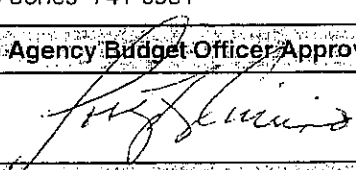
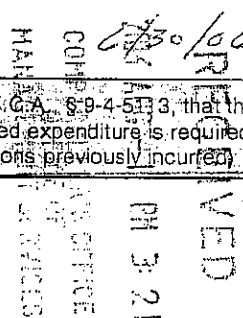
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
10/01/2002	09/30/2007	Vendor	

Mark, if Statement is TRUE

<input checked="" type="checkbox"/> Contractor is on STARS as required	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required
--	--

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
Sup	550	092	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2003	\$341,782.67	00.00	00.00	00.00	\$341,782.67
2004	\$591,000.00	00.00	00.00	00.00	\$591,000.00
2005	\$591,000.00	00.00	00.00	00.00	\$591,000.00
2006	\$591,000.00	00.00	00.00	00.00	\$591,000.00
2007	\$591,000.00	00.00	00.00	00.00	\$591,000.00
2008	\$147,750.00	00.00	00.00	00.00	\$147,750.00
TOTAL:	\$2,853,532.67	00.00	00.00	00.00	\$2,853,532.67

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Kathy Jones 741-0581
2003	\$341,782.67	00.00	State Agency Budget Officer Approval 
2004	\$591,000.00	00.00	
2005	\$591,000.00	00.00	
2006	\$591,000.00	(See reallocation) 00.00	Funding Certification (certification, required by T.C.A. § 9-4-513, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred) 
2007	\$591,000.00	00.00	
2008	00.00	\$147,750.00	
TOTAL:	\$2,705,782.67	\$147,750.00	
End Date:	9/30/2007	9/30/2007	

Contractor Ownership

<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

Contractor Selection Method

<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other

Procurement Process Summary

1000

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125-
-----------------	--------------

Fiscal Year	2003
-------------	------

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number

FA-03-15125-

Fiscal Year

2004

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number

FA-03-15125-

Fiscal Year

2005

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA	Amount
359.60	550	092	11				\$70,000.00
359.61	550	092	11				\$215,400.00
359.62	550	092	11				\$151,200.00
359.63	550	092	11				\$154,400.00
TOTAL							\$591,000.00

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number: FA-03-15125-

Fiscal Year	2006
-------------	------

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number

FA-03-15125-

Fiscal Year

2007

[illegible]

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number		FA-03-15125-					
Fiscal Year		2008 (July –Sept)					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
359.60	550	092	11				\$17,500.00
359.61	550	092	11				\$53,850.00
359.62	550	092	11				\$29,050.00
359.63	550	092	11				\$38,600.00
3259.64	550	092	11				\$8,750.00
TOTAL							\$147,750.00

**AMENDMENT FIVE
TO FA-03-15125
BETWEEN THE STATE OF TENNESSEE
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section C.1. in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million, Eight Hundred Fifty-three Thousand, Five Hundred Thirty-two Dollars and Sixty-seven cents, (\$2,853,532.67). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to-be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE LLC,:

W. S. Reeves, Pres

3/20/04

REEVES-SAIN EXTENDED CARE LLC,

Date

DEPARTMENT OF CHILDREN'S SERVICES:

Viola P. Miller

5-31-06

Viola P. Miller, Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr.

AUG 01 2006

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan

8/2/06

John G. Morgan, Comptroller of the Treasury

Date

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	359.62-013	Contract Number:	FA-03-15125 - 04
State Agency:	Department of Children's Services	Division:	Youth Development Center Services
Contractor:		Contractor Identification Number:	
Reeves-Sain Extended Care, LLC		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	V621728645-00

Service Description

Provision of Pharmacy Services at DCS Youth Development Centers

Contract Begin Date:	Contract End Date:
10-01-02	09-30-07

Allotment Code:	Cost Center:	Object Code:	Fund:	Grant:	Grant Code:	Subgrant Code:
SUP	550	092	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003	\$341,782.67				\$341,782.67
2004	\$591,000.00				\$591,000.00
2005	\$591,000.00				\$591,000.00
2006	\$591,000.00				\$591,000.00
2007	\$591,000.00				\$591,000.00
Total:	\$2,705,782.67				\$2,705,782.67

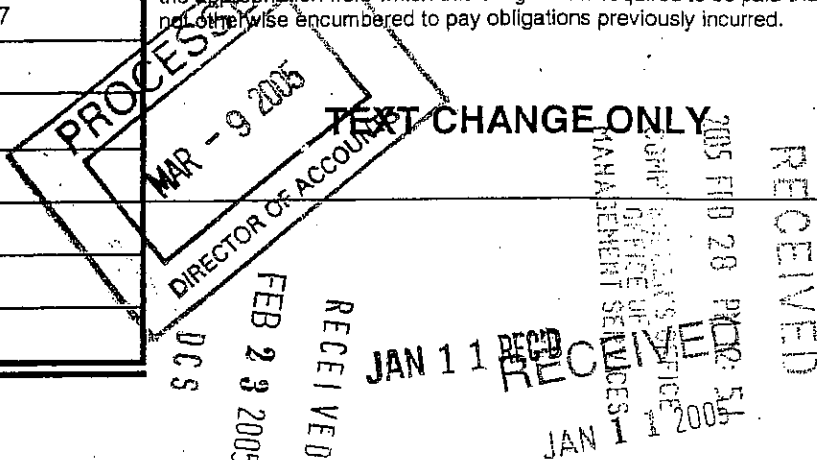
CFDA #	Check the box ONLY if the answer is YES:
---------------	---

State Fiscal Contact		
Name:	Joe Cimino, Budget Dir.	Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Address:	7 th Floor, Cordell Hull Bldg.	Is the Contractor a VENDOR? (per OMB A-133)
Phone:	615-741-8304	Is the Fiscal Year Funding STRICTLY LIMITED?

Procuring Agency Budget Officer Approval Signature	Is the Contractor on STARS?
	Is the Contractor's FORM W-9 ATTACHED?
	Is the Contractor's Form W-9 Filed with Accounts?

COMPLETE FOR ALL AMENDMENTS (only)	Funding Certification
---	------------------------------

	Base Contract & Prior Amendments	This Amendment ONLY	
END DATE →	09-30-07	09-30-07	Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
FY: 2003			
FY: 2004	TEXT CHANGE	ONLY	
FY: 2005			
FY: 2006			
FY: 2007			
Total:			



Office of Contracts Review

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number

FA-03-15125-

Fiscal Year

2003

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number FA-03-15125-

Fiscal Year: 2004

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number FA-03-15125-

Fiscal Year	2006
--------------------	------

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number FA-03-15125

Fiscal Year 2007

[illegible]

**AMENDMENT FOUR
TO CONTRACT FA-03-15125-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.20. in its entirety and insert the following in its place::

A.20. Process prior to January 1, 2004, all claims for services through the Contractor with whom the TennCare Bureau has contracted to provide claims processing services. Beginning January 1, 2004, the Contractor will process all claims for services through the Department of Children Services Office of Program Support, Fiscal Payables Section.

2. Delete Section C.3. in its entirety and insert the following in its place:

C.3. Payment Methodology. The Contractor shall be compensated based on the Payment Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor shall be compensated based upon the following Payment Rates:

BRAND NAME DRUGS — the payment rate for Brand Name Drugs shall equal the Acceptable Wholesale Price* reduced by the reduction percent plus the handling fee (indicated by period below).		
PERIOD	REDUCTION % (from the Acceptable Wholesale Price*)	HANDLING FEE (per prescription)
October 1, 2002 – June 30, 2003	[13] %	\$5.00
July 01, 2003 – June 30, 2004	[13] %	\$5.00
July 01, 2004 – June 30, 2005	[13] %	\$5.00
July 01, 2005 – June 30, 2006	[13] %	\$5.00
July 01, 2006 – June 30, 2007	[13] %	\$5.00

**Acceptable Wholesale Price may be obtained from any of the professionally recognized companies that compile these prices using the manufacturers suggested wholesale price i.e., RED Book and the BLUE Book.

GENERIC NAME DRUGS — the payment rate for Generic Drugs shall equal the maximum allowable cost set by TennCare plus the handling fee (indicated by period below).	
PERIOD	HANDLING FEE (per prescription)
October 1, 2002 – June 30, 2003	\$5.00
July 01, 2003 – June 30, 2004	\$5.00
July 01, 2004 – June 30, 2005	\$5.00
July 01, 2005 – June 30, 2006	\$5.00
July 01, 2006 – June 30, 2007	\$5.00

IN-SERVICE TRAINING & INSPECTION SERVICES — the payment rate for in-service training & inspection services shall the hourly rate for delivered service (indicated by period below).	
PERIOD	PAYMENT RATE PER HOUR
October 1, 2002 – June 30, 2003	\$65.00
July 01, 2003 – June 30, 2004	\$65.00
July 01, 2004 – June 30, 2005	\$65.00
July 01, 2005 – June 30, 2006	\$65.00
July 01, 2006 – June 30, 2007	\$65.00

The Contractor shall not be compensated for travel time to the primary location of service provision.

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the identifying child information, the applicable payment rate, dates of service, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

Prior to January 1, 2004, the Contractor shall use the pharmacy claims processing vendor with whom the TennCare Bureau contracted. Beginning January 1, 2004, the DCS will serve as the payment agent to the Contractor providing pharmacy services at DCS youth development centers. DCS will receive and process the Contractor's invoices submitted for services delivered under this contract. The Department of Children's Services will ensure that proper remuneration is executed for all services requested, rendered, and accepted that are in accordance with the payment terms (including the maximum liability) of this Contract.

The State shall reimburse the Contractor for Generic Drugs using the formula as follows: (Maximum Allowable Cost (as Set by TennCare) + handling fee.

The State shall reimburse the Contractor for Brand name Drugs using the formula: (Acceptable Wholesale Price – reduction percentage (not less than 13%) + handling fee.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

3. Delete Section E.10. in its entirety.

- E.10. The Contractor understands that payment for services rendered at DCS youth development centers will not be paid directly by the Department of Children's Services, but by TennCare. DCS has entered into an interdepartmental contract with the Bureau of TennCare to reimburse the Bureau for those pharmacy services for which they have previously paid the DCS pharmacy Contractor.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC

W. Steve Reeves, President 12-17-04
Signature and Title of Authorized Representative Date

W. Steve Reeves
Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:

Viola P. Miller / CMS 1-6-05
Viola P. Miller, Commissioner Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr. / CMS 2/25/05
M. D. Goetz, Jr., Commissioner Date

COMPTROLLER OF THE TREASURY:

John G. Morgan 3/1/05
John G. Morgan, Comptroller of the Treasury Date

CONTRACT SUMMARY SHEET

RFS Number:	359.62-013			Contract Number:	FA-03-15125-03		
State Agency:	Department of Children's Services			Division:	Youth Development Center Services		
Contractor				Contractor Identification Number			
Reeves-Sain Extended Care, LLC				X V- <input type="checkbox"/> C-	V621728645-00		
Service Description							
Provision of Pharmacy Services at DCS Youth Development Centers							
Contract Begin Date				Contract End Date			
10-01-02				09-30-07			
Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code	
SUP	550	092	11	X on STARS			
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)		
2003	\$341,782.67				\$341,782.67		
2004	\$591,000.00				\$591,000.00		
2005	\$591,000.00				\$591,000.00		
2006	\$591,000.00				\$591,000.00		
2007	\$591,000.00				\$591,000.00		
Total:	\$2,705,782.67				\$2,705,782.67		
CFDA #				Check the box ONLY if the answer is YES:			
State Fiscal Contact				Is the Contractor a SUBRECIPIENT? (per OMB A-133)			
Name:	Paul Vander Meer			Is the Contractor a VENDOR? (per OMB A-133)			
Address:	7 th Floor, Cordell Hull Bldg.			Is the Fiscal Year Funding STRICTLY LIMITED?			
Phone:	615-741-8304			Is the Contractor on STARS?			
Procuring Agency Budget Officer Approval Signature				Is the Contractor's FORM W-9 ATTACHED?			
<i>Paul Vander Meer 6/2/04</i>				Is the Contractor's Form W-9 Filed with Accounts?			
				X			
COMPLETE FOR ALL AMENDMENTS (only)				Funding Certification			
	Base Contract & Prior Amendments	This Amendment ONLY		Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.			
END DATE →	09-30-07	09-30-07					
FY: 2003	\$341,782.67						
FY: 2004	\$511,000.00	80,000.00					
FY: 2005	\$511,000.00	80,000.00					
FY: 2006	\$511,000.00	80,000.00					
FY: 2007	\$511,000.00	80,000.00					
Total:	\$2,385,782.67	\$320,000.00					

JUL - 2 2004

RECEIVED
2004 JUN 28 PM 1:29
COMPTROLLER'S OFFICE
OFFICE OF
MANAGEMENT SERVICES

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125-
-----------------	--------------

Fiscal Year	2003
-------------	------

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125-						
Fiscal Year	2004						
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	GFDA #	Amount
359.60	550	092	11				\$70,000.00
359.61	550	092	11				\$215,400.00
359.62	550	092	11				\$151,200.00
359.63	550	092	11				\$154,400.00
Subtotal: State							\$591,000.00
TOTAL							\$591,000.00

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number		FA-03-15125-					
Fiscal Year		2006					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	OFDA #	Amount
359.60	550	092	11				\$70,000.00
359.61	550	092	11				\$215,400.00
359.62	550	092	11				\$151,200.00
359.63	550	092	11				\$154,400.00
						Subtotal - State	\$591,000.00
						TOTAL	\$591,000.00

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125
-----------------	-------------

Fiscal Year	2007
-------------	------

[illegible]

**AMENDMENT THREE
TO
FA-03-15125
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Add the following to Section A. Scope of Services as Section A.24. and renumber any subsequent sections as necessary:

A.24. The Contractor shall invoice DCS monthly for services provided. Such invoices shall be submitted to DCS not later than thirty (30) days after the end of the month in which service was rendered.

2. Delete Section C.1, Maximum Liability in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million, Seven Hundred Five Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents, (\$2,705,782.67). The maximum liability for fiscal year 2003 shall not exceed Three Hundred Forty-one Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents (\$341,782.67). The maximum liability for each fiscal year 2004 through 2007 shall not exceed Five Hundred Ninety-one Thousand Dollars (\$591,000.00). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. Add the following to Section C.3. Payment Methodology as Section C.3.a. and renumber any subsequent sections as necessary:

C.3.a. If the Contractor fails to comply with the provisions of Section A. 24 of the Scope of Services, the Contractor shall forfeit payment for those services.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC

W. Steve Reeves, President

5/21/04

Signature and Title of Authorized Representative

Date

W Steve Reeves

Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:

Viola P. Miller / CMS

6-7-04

Viola P. Miller, Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz Jr. - BP

6-25-04

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan

6/29/04

John G. Morgan, Comptroller of the Treasury

Date

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	359.62-013	Contract Number:	FA-03-15125-02
State Agency:	Department of Children's Services	Division:	Youth Development Center Services
Contractor:		Contractor Identification Number:	
Reeves-Sain Extended Care, LLC		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	V621728645-00

Service Description

Provision of Pharmacy Services at DCS Youth Development Centers

Contract Begin Date:	Contract End Date:
10-01-02	09-30-07

Allotment Code:	Cost Center:	Object Code:	Fund:	Grant:	Grant Code:	Subgrant Code:
SUP	550	092	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003	\$341,782.67				\$341,782.67
2004	\$511,000.00				\$511,000.00
2005	\$511,000.00				\$511,000.00
2006	\$511,000.00				\$511,000.00
2007	\$511,000.00				\$511,000.00
Total:	\$2,385,782.67				\$2,385,782.67

OCR RELEASED
DEC 01 2003
TO ACCOUNTS

CEDA #	Check the box ONLY if the answer is YES.
---------------	---

State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	Paul Vander Meer	Is the Contractor a VENDOR? (per OMB A-133)	X
Address:	7 th Floor, Cordell Hull Bldg.	Is the Fiscal Year Funding STRICTLY LIMITED?	X
Phone:	615-741-8304	Is the Contractor on STARS?	X
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	
<i>Paul Vander Meer 11/12/03</i>		Is the Contractor's Form W-9 Filed with Accounts?	
		X	

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →	09-30-07	09-30-07
FY: 2003	\$341,782.67	
FY: 2004	\$311,000.00	200,000.00
FY: 2005	\$311,000.00	200,000.00
FY: 2006	\$311,000.00	200,000.00
FY: 2007	\$311,000.00	200,000.00
Total:	\$1,555,000.00	\$800,000.00

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

PROCESSED

DEC 10 2003

DIRECTOR OF ACCOUNTS

RECEIVED
 NOV 25 PM 3:46
 OFFICE OF
 MANAGEMENT SERVICES

5341,62.07

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125-
-----------------	--------------

Contract Number	FA-03-15125-
-----------------	--------------

Fiscal Year	2005
-------------	------

Fiscal Year	2005
-------------	------

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125-
-----------------	--------------

Contract Number	FA-03-15125-
-----------------	--------------

Fiscal Year	2006
-------------	------

Fiscal Year	2006
-------------	------

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125
-----------------	-------------

Fiscal Year	2007
-------------	------

[illegible]

AMENDMENT TWO
TO
FA-03-15125
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section C.1, Maximum Liability in its entirety and insert the following in its place:

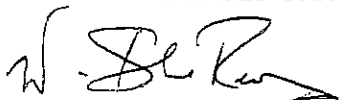
C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million, Three Hundred Eighty-five Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents, (\$2,385,782.67). The maximum liability for fiscal year 2003 shall not exceed Three Hundred Forty-one Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents (\$341,782.67). The maximum liability for each fiscal year 2004 through 2007 shall not exceed Five Hundred Eleven Thousand Dollars (\$511,000.00). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service, and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC



10-24-03

Signature and Title of Authorized Representative

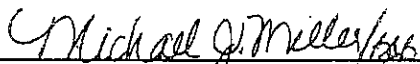
Date

W. Shane Reeves

10-24-03

Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:



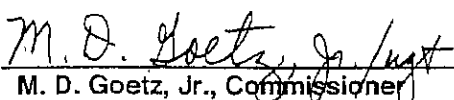
11/14/03

Michael J. Miller, Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

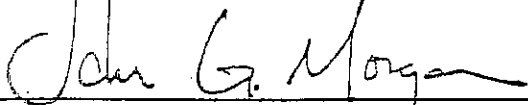


11/24/03

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:



11/26/03

John G. Morgan, Comptroller of the Treasury

Date

CONTRACT SUMMARY SHEET

RFS Number:	359.62-013	Contract Number:	FA-03-15125 -01
State Agency:	Department of Children's Services	Division:	Youth Development Center Services
Contractor:		Contractor Identification Number:	
Reeves-Sain Extended Care, LLC		X V- <input type="checkbox"/> C-	V621728645-00

Service Description:	Provision of Pharmacy Services at DCS Youth Development Centers
----------------------	---

Contract Begin Date:	Contract End Date:
10-01-02	09-30-07

Allotment Code:	Cost Center:	Object Code:	Fund:	Grant:	Grant Code:	Subgrant Code:
SUP	550	092	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003	\$341,782.67				\$341,782.67
2004	\$311,000.00				\$311,000.00
2005	\$311,000.00				\$311,000.00
2006	\$311,000.00				\$311,000.00
2007	\$311,000.00				\$311,000.00
Total:	\$1,585,782.67				\$1,585,782.67

CFDA#	Check the box ONLY if the answer is YES:
-------	--

State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	Paul Vander Meer	Is the Contractor a VENDOR? (per OMB A-133)	X
Address:	7 th Floor, Cordell Hull Bldg.	Is the Fiscal Year Funding STRICTLY LIMITED?	X
Phone:	615-741-8304		

Procuring Agency/Budget Officer Approval Signature:	Is the Contractor on STARS?	X
<i>Paul Vander Meer 8/5/03</i>	Is the Contractor's FORM W-9 ATTACHED?	
	Is the Contractor's Form W-9 Filed with Accounts?	X

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
END DATE →	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
FY: 2003	\$311,000.00	\$30,782.67	
FY: 2004	\$311,000.00	00.00	
FY: 2005	\$311,000.00	00.00	
FY: 2006	\$311,000.00	00.00	
FY: 2007	\$311,000.00	00.00	
Total:	\$1,555,000.00	\$30,782.67	

AUG 1

FEDERAL ACQUISITION

RECEIVED
DEPT OF CHILDREN'S SERVICES
AUG 15 2003

RECEIVED
AUG 15 2003

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125-
-----------------	--------------

Contract Number	FA-03-15125-
-----------------	--------------

Fiscal Year	2003
-------------	------

Fiscal Year	2003
-------------	------

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT							
Contract Number		FA-03-15125-					
Fiscal Year		2004					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
359.60	550	092	11				\$31,000.00
359.61	550	092	11				\$100,000.00
359.62	550	092	11				\$80,000.00
359.63	550	092	11				\$100,000.00
Subtotal: State							\$311,000.00
TOTAL							\$311,000.00

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number

FA-03-15125-

Fiscal Year

2005

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	FA-03-15125-
------------------------	--------------

Fiscal Year	2006
-------------	------

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT							
Contract Number		FA-03-15125					
Fiscal Year		2007					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
359.60	550	092	11				\$31,000.00
359.61	550	092	11				\$100,000.00
359.62	550	092	11				\$80,000.00
359.63	550	092	11				\$100,000.00
Subtotal State							\$311,000.00
TOTAL							\$311,000.00

**AMENDMENT ONE
TO
FA-03-15125
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section C.1, Maximum Liability, in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million, Five Hundred Eighty-five Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents, (\$1,585,782.67). The maximum liability for fiscal year 2003 shall not exceed Three Hundred Forty-one Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents (\$341,782.67). The maximum liability for fiscal years 2004 through 2007 shall not exceed Three Hundred Eleven Thousand Dollars (\$311,000.00). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC



8-4-03.

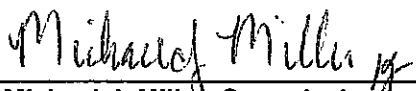
Signature and Title of Authorized Representative

Date

W. Shane Reeves

Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:



8-5-03

Michael J. Miller, Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

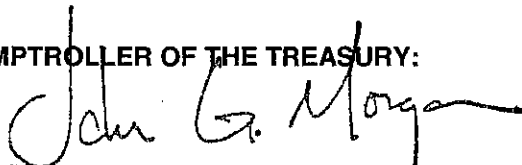


8-5-03

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:



8/8/03

John G. Morgan, Comptroller of the Treasury

Date

CONTRACT SUMMARY SHEET

RFS Number:	359.62-013	Contract Number:	FA-03-15725-00
State Agency:	Department of Children's Services	Division:	Youth Development Center Services
Contractor:		Contractor Identification Number	
Reeves-Sain Extended Care, LLC		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	V621728645-00

Service Description

Provision of Pharmacy Services at DCS Youth Development Centers

Contract Begin Date	Contract End Date
10-01-02	09-30-07

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
SUP	550	092	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003	\$311,000.00				\$311,000.00
2004	\$311,000.00				\$311,000.00
2005	\$311,000.00				\$311,000.00
2006	\$311,000.00				\$311,000.00
2007	\$311,000.00				\$311,000.00
Total:	\$1,555,000.00				\$1,555,000.00

CFDA #	Check the box ONLY if the answer is YES
---------------	--

State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	Paul Vander Meer	Is the Contractor a VENDOR? (per OMB A-133)	X
Address:	7 th Floor, Cordell Hull Bldg.	Is the Fiscal Year Funding STRICTLY LIMITED?	X
Phone:	615-741-8304	Is the Contractor on STARS?	X
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	
Paul Vander Meer 11/6/02		Is the Contractors Form W-9 Filed with Accounts?	
		X	

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification		
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.		
END DATE →					
FY:					
FY:					
FY:					
FY:					
Total:					

RECEIVED

DEC 17 2002

MANAGEMENT SERVICES
RECEIVED

JAN 13 2003

FISCAL
SERVICES

PROCESSING

JAN 10 2003

DIRECTOR OF ACCOUNTS

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number							
Fiscal Year		2003					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
359.60	550	092	11				\$31,000.00
359.61	550	092	11				\$100,000.00
359.62	550	092	11				\$80,000.00
359.63	550	092	11				\$100,000.00
Subtotal: State							\$311,000.00
TOTAL							\$311,000.00

[illegible]

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number

Fiscal Year

2006

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number	
Fiscal Year	2007

[illegible]

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the "State" and Reeves-Sain Extended care, LLC, hereinafter referred to as the "Contractor," is for the provision of Pharmacy Services for the Department's youth development centers, as further defined in the "SCOPE OF SERVICES."

The Contractor is a limited liability company.

The Contractor's address is:

1809 Memorial Boulevard
Murfreesboro, TN, 37129

The Contractor's place of incorporation or organization is Tennessee.

A. SCOPE OF SERVICES:

The Contractor shall provide the following services to children placed in the Department of Children's Services custody residing at a Youth Development Center (YDC), and, where specified in A.3, to individuals employed or providing direct care volunteer services for DCS at a YDC:

- A.1. Provide all prescriptions, including scheduled drugs ordered by physicians, and psychiatrists as per Department of Children's Services policy (DCS), and over-the-counter medication for treatment of students in DCS custody. This should include diabetic strips and any diabetic supplies.
- A.2. Provide hepatitis B vaccine (HBV) for students, anti-retroviral agents prescribed to students in the treatment for human immune-deficiency virus/acquired immune deficiency syndrome (HIV/AIDS), and post-exposure prophylaxis (PEP) medications for students. This should also include for youth, tetanus and other vaccines to bring the youth "up to date".
- A.3. Provide as part of its drug formulary, to youth development center staff, (including direct service volunteers), medications as follows: HIV post exposure prophylaxis (PEP) medications, post exposure INH, and Hepatitis B vaccine; medications administered in the event of injury obtained due to an assault or accident; and over-the counter medications issued, i.e., aspirin, etc., to staff.
- A.4. Provide purified protein derivative (PPD) solution for annual tuberculosis testing of all students, located at a Youth Development Center.
- A.5. Provide for the dispensing, packaging, administering and shipping of all prescriptions ordered by its providers to each institution according to applicable DCS policies and Tennessee Board of Pharmacy Rules and Regulations. Psychotropic, HIV/AIDS (e.g., NRTIs, Protease Inhibitors), and tuberculosis medication shall be administered by nursing personnel, dose-by-dose, in accordance with applicable rules and standards.
- A.6. Develop its own drug formulary in consultation with the Department of Children's Services, which shall include at minimum, drugs currently and frequently prescribed for DCS students. The formulary, and any other subsequent changes to it, shall be submitted to the State for approval, in writing prior to implementation.

- A.7. Legend medications shall only be dispensed by persons who are permitted by the Tennessee Board of Pharmacy.
- A.8. Develop and implement a Drug Usage Evaluation program to ensure the appropriate, safe and effective use of drugs. Quarterly evaluation shall be submitted to the Department of Children's Services Health Coordinator, for quality improvement and outcomes management.
- A.9. Provide any necessary additional medication cart or storage systems that are required for the packaging system and for medication administration.
- A.10. Provide a pharmacist that shall conduct quarterly inspections at each of the Youth Development Centers.
- A.11. Provide in-service training for clinic staff by a licensed pharmacist upon request from DCS staff,
- A.12. Provide a system for the provision of "stat" or immediate use dosages that is available twenty-four (24) hours per day, seven (7) days per weeks, either through on-site immediate use stock or delivery. If a delivery or retail purchase is necessary, it shall be provided and paid for by the Contractor, with subsequent payment by the Youth Development Center in accordance with payment terms and conditions.
- A.13. Contractor's pharmacy shall receive prescription drug orders between the hours of 8:00 a.m. and 7:00 p.m. Central Standard Time. Prescription orders received by the Contractor's pharmacy by 3:00 (Central Time) Monday through Saturday shall be delivered to the ordering institution by 12:00 noon the following day.
- A.14. Provide at least a twenty-eight (28)-day supply of a student's medication regimen, (unless prescribed for a lesser period of time), while the student is in residence at the youth development center.
- A.15. Provide at least a twenty-eight 28-day supply of the student's current medication regimen for the student's leaving the DCS system.
- A.16. Provide a monthly, computer-generated medication administration report of dispensed medication and send it to the institution the last week of each month. The contractor shall also provide medication information or "fact" sheet for the patients on all medication taken, for the purpose of monitoring any drug interaction of meds taken by youth. The Contractor shall also provide each Youth Development Center a monthly receiving report on all return medications for credit along with a monthly utilization report. The Contractor shall also provide ad hoc reports as requested, and send them to the institution or central office as directed.
- A.17. Medications provided to the youth development centers shall be purchased by the Contractor in unit dose packaging. The unit dose drug packaging system shall provide individually packaged medications for a unit of use administration.
- A.18. Bill the Department of Children's Services (DCS) only for medications on a post consumption basis. The DCS Youth Development Center will return medications, for credit. After the Contractor receives any returned medications and the credit is applied, the Contractors may submit an invoice for payment.
- A.19. Label each prescription container to include the student's name, number, date, prescribing physician, medication name, lot number, strength, dosage, directions for administration, and any applicable warnings or dietary instructions or other information in compliance with Federal regulations and the laws of the State of Tennessee.

- A.20. Process all claims for services through the Contractor with whom the TennCare Bureau has contracted to provide claims processing services.
- A.21. Pharmacy services shall be provided by a Pharmacist(s) licensed by the State of Tennessee to provide such services in Tennessee.
- A.22. Comply with all applicable Tennessee Department of Children's Services policies and procedures and security regulations.
- A.23. Provide generic drugs unless brand names are ordered by a medical provider.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on October 1, 2002 and ending on September 30, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million, Five Hundred Fifty-five Thousand Dollars, (\$1,555,000.00). In no event shall the maximum liability for each fiscal year exceed Three Hundred Eleven Thousand Dollars (\$311,000.00). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The Payment Rates in Section C.3 and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to increase for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the Payment Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor shall be compensated based upon the following Payment Rates:

BRAND NAME DRUGS — the payment rate for Brand Name Drugs shall equal the Acceptable Wholesale Price* reduced by the reduction percent plus the handling fee (indicated by period below).		
PERIOD	REDUCTION % (from the Acceptable Wholesale Price*)	HANDLING FEE (per prescription)
October 1, 2002 – June 30, 2003	[13] %	\$5.00
July 01, 2003 – June 30, 2004	[13] %	\$5.00
July 01, 2004 – June 30, 2005	[13] %	\$5.00

July 01, 2005 – June 30, 2006	[13] %	\$5.00
July 01, 2006 – June 30, 2007	[13] %	\$5.00

* Acceptable Wholesale Price may be obtained from any of the professionally recognized companies that compile these prices using the manufacturers suggested wholesale price i.e., RED Book and the BLUE Book.

GENERIC NAME DRUGS — the payment rate for Generic Drugs shall equal the maximum allowable cost set by TennCare plus the handling fee (indicated by period below).	
PERIOD	HANDLING FEE (per prescription)
October 1, 2002 – June 30, 2003	\$5.00
July 01, 2003 – June 30, 2004	\$5.00
July 01, 2004 – June 30, 2005	\$5.00
July 01, 2005 – June 30, 2006	\$5.00
July 01, 2006 – June 30, 2007	\$5.00

IN-SERVICE TRAINING & INSPECTION SERVICES — the payment rate for in-service training & inspection services shall the hourly rate for delivered service (indicated by period below).	
PERIOD	PAYMENT RATE PER HOUR
October 1, 2002 – June 30, 2003	\$65.00
July 01, 2003 – June 30, 2004	\$65.00
July 01, 2004 – June 30, 2005	\$65.00
July 01, 2005 – June 30, 2006	\$65.00
July 01, 2006 – June 30, 2007	\$65.00

The Contractor shall not be compensated for travel time to the primary location of service provision.

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the identifying child information, the applicable payment rate, dates of service, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced. The Contractor shall use the pharmacy claims processing vendor with whom the TennCare Bureau has contracted, unless otherwise directed by the Department of Children's Services.

The State shall reimburse the Contractor for Generic Drugs using the formula as follows: (Maximum Allowable Cost (as Set by TennCare) + handling fee.

The State shall reimburse the Contractor for Brand name Drugs using the formula: (Acceptable Wholesale Price – reduction percentage (not less than 13%) + handling fee.

The Department of Finance and Administration, Bureau of TennCare will serve as the payment agent for the Department of Children's Services to the Contractor providing pharmacy services at DCS youth development centers. The Department of Children's Services will subsequently reimburse the Bureau of TennCare for such payments upon receipt of the necessary documentation from TennCare of payment made to the

Contractor. It is the Department of Children's Services ultimate obligation to ensure that proper remuneration is executed (albeit, through the payment agent) for all services requested, rendered, and accepted that are in accordance with the payment terms (including the maximum liability) of this Contract.

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- D. STANDARD TERMS AND CONDITIONS:
 - D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
 - D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
 - D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
 - D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
 - D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under ***Tennessee Code Annotated***, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- E. SPECIAL TERMS AND CONDITIONS:
- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Tricia Haywood, Director of Medical and Behavioral Services
8th Floor, Cordell Hull Building
436 6th Avenue North
Nashville, TN 37243-1290
(615) 532-9306
(615) 741-7322 (fax)

The Contractor:

W. Shane Reeves, Pharm.D.
President
Reeves-Sain Extended Care
1809 Memorial Boulevard
Murfreesboro, TN, 37129
TEL: 615-278-3146
FAX: 615-895-0395

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the

day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- E.4. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.5. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," the Contractor shall prohibit smoking of tobacco products within any indoor premises in which services are provided pursuant to this Contract to individuals under the age of eighteen (18) years. The Contractor shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Contract.
- E.6. Date/Time Hold Harmless. As required by **Tennessee Code Annotated**, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

- E.7. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by **Tennessee Code Annotated**, Section 8-6-106.

- E.8. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in **Tennessee Code Annotated**, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

- E.9. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. All Clarifications and addenda made to the Contractor's Proposal
- c. The Request for Proposal and its associated amendments
- d. Technical Specifications provided to the Contractor
- e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

- E.10. The Contractor understands that payment for services rendered at DCS youth development centers will not be paid directly by the Department of Children's Services, but by TennCare. DCS has entered into an interdepartmental contract with the Bureau of TennCare to reimburse the Bureau for those pharmacy services for which they have previously paid the DCS pharmacy Contractor.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC

W. Shave Reeves

10-11-02

Signature and Title of Authorized Representative

Date

W. Shave Reeves

Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:

Page B. Walley, PhD/ASB

11/14/02

Page B. Walley, Ph.D., Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

C. Warren Neel/DW

DEC 11 2002

C. Warren Neel, Ph.D., Commissioner

Date

DEPARTMENT OF PERSONNEL:

N/A

Walter Butler, Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan

12/23/02

John G. Morgan, Comptroller of the Treasury

Date